

AMENDED IN ASSEMBLY AUGUST 19, 2016

AMENDED IN ASSEMBLY JUNE 14, 2016

AMENDED IN ASSEMBLY MAY 25, 2016

SENATE BILL

No. 846

**Introduced by ~~Committee on Budget and Fiscal Review~~ Senator
Anderson**

*(Principal coauthors: Assembly Members Alejo, Chau, Chiu, Gallagher,
Cristina Garcia, Holden, Maienschein, Mark Stone, Ting, and
Wagner)*

January 7, 2016

~~An act to amend Sections 5830 and 5847 of, and to add Part 3.9 (commencing with Section 5849.1) to Division 5 of, the Welfare and Institutions Code, relating to housing, and making an appropriation therefor, to take effect immediately, bill related to the budget. An act to amend Sections 6001, 6001.1, 6008.6, 6011, 6013.1, 6013.3, 6013.5, 6015, 6016, 6019, 6021, 6022, 6026.7, 6029, 6030, 6060.2, 6060.25, 6086.5, 6140, and 6145 of, to add Sections 6134 and 6140.56 to, to add and repeal Section 6075.6 of, and to repeal Sections 6008.5, 6009.7, 6012, 6013.2, 6018, and 6026.5 of, the Business and Professions Code, relating to the State Bar.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 846, as amended, ~~Committee on Budget and Fiscal Review~~ Anderson. ~~No Place Like Home Program: establishment. Attorneys: State Bar: board of trustees.~~

The State Bar Act provides for the licensure and regulation of attorneys by the State Bar of California, a public corporation governed by a board of trustees. That act requires 6 members of the 19-member

board to be attorneys elected from State Bar Districts. That act requires protection of the public to be the highest priority for the State Bar and the board of trustees in exercising their licensing, regulatory, and disciplinary functions and requires protection of the public to be paramount whenever the protection of the public is inconsistent with any other interest sought to be promoted. That act prohibits the State Bar from awarding a contract for goods, services, or both, for an aggregate amount in excess of \$50,000, or for information technology goods, services, or both, for an aggregate amount in excess of \$100,000, except pursuant to specified public contracting provisions. That act provides that the State Bar is subject to the Bagley-Keene Open Meeting Act and the California Public Records Act, as specified. That act, until January 1, 2017, requires the board to charge an annual membership fee for active members of up to \$315 for 2016. The act requires the board of trustees to elect or select the president, vice president, and treasurer of the State Bar, as specified. Existing law prohibits the Legislature, when the board of trustees places a charge upon or otherwise makes available all or any portion of the income or revenue from membership fees for the payment of security of an obligation of the State Bar and so long as any obligation remains unpaid, from reducing the maximum membership fee below the maximum in effect at the time the obligation is created or incurred and provides that this provision constitutes a covenant to the holder of such an obligation. The act requires the board of trustees to contract with the California State Auditor's Office to conduct a performance audit of the State Bar's operations, as specified. That act establishes the State Bar Court to act in the place of the board of trustees in the determination of disciplinary proceedings, as specified. That act authorizes the State Bar to raise additional revenue by any lawful means, including, but not limited to, the creation of foundations or not-for-profit corporations. That act requires the board to establish and administer a Client Security Fund to relieve or mitigate pecuniary losses caused by dishonest conduct of active members of the State Bar, as specified.

This bill would provide that the board of trustees consists of no more than 19 members and no fewer than 13 members and would require the board to transition to a 13-member board, as specified. The bill would remove from the board attorney members elected from State Bar Districts and would make conforming changes. The bill would require each appointing authority, when making appointments to the board after December 31, 2016, to consider appointing members who have

demonstrated education or experience, or both, in one of 6 specified areas, including public finance. The bill would require that a minimum of 7 members of the board be public members, as appointed by specified entities, and would require members of the board to serve a term of 4 years. The bill would require the California Supreme Court to review the substance of any anticompetitive decision made by the board and specifies that California Supreme Court has the power to veto, modify, or take other appropriate actions over those decisions. The bill would require the California Supreme Court to select from the members of the board a chair and vice chair of the State Bar and would require the chair's term to be 2 years.

This bill would require protection of the public as the highest priority for the State Bar and set the priority of the regulatory functions of the State Bar, as specified.

This bill would require the Attorney General to appoint a State Bar enforcement program monitor prior to March 31, 2017, and would require the enforcement program monitor to evaluate the disciplinary system and procedures of the State Bar, as specified. The bill would require the enforcement program monitor to submit an initial report no later than October 1, 2019, and to issue a final report before March 31, 2020. The bill would make these provisions inoperative on March 31, 2020, and would repeal the provisions as of January 1, 2021.

This bill would require the board of trustees to engage the services of an independent national or regional public accounting firm with at least 5 years of experience in governmental auditing for an audit of its revenues, expenditures, reserves, and its financial statements for each fiscal year and would require the California State Auditor, for the performance audit due in January 2017, to review all of the State Bar's expenses, including, but not limited to, executive salaries, and would require that audit to also include a recommendation by the California State Auditor of the appropriate methodology for the State Bar to calculate the portion of administrative costs that are appropriately allocated to the sections of the State Bar. The bill would also require the California State Auditor to conduct a performance audit evaluating the State Bar's progress in certain areas, including correcting any issues raised in prior California State Auditor audits, and would require the California State Auditor to report its findings and recommendations, as specified.

This bill would provide that access to records of the State Bar Court is subject to the rules and laws applicable to the judiciary instead of

the California Public Records Act and would exempt the State Bar Court from the Bagley-Keene Open Meeting Act.

This bill would allow, beginning on and after January 1, 2016, the disclosure of specified information submitted by an applicant to the State Bar for admission and license to practice.

This bill, until January 1, 2018, would require the board to charge an annual membership fee in a specified amount for 2017. The bill would repeal the provision prohibiting the Legislature from reducing the maximum membership fee and would prohibit the State Bar from creating any foundation or nonprofit corporations, as specified. The bill would require the State Bar to conduct a thorough analysis of the Client Security Fund and to submit a report to the Legislature on its analysis of that fund by March 15, 2017, as specified.

Existing constitutional provisions require that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest.

This bill would make legislative findings to that effect.

~~(1) The Mental Health Services Act (MHSA), an initiative measure enacted by the voters as Proposition 63 at the November 2, 2004, statewide general election, imposes a 1% tax on that portion of a taxpayer's taxable income that exceeds \$1,000,000 and requires that the revenue from that tax be deposited in the Mental Health Services Fund to fund various county mental health programs. The MHSA authorizes the Legislature to amend its provisions by a $\frac{2}{3}$ vote, provided that the amendment is consistent with and furthers the intent of the act.~~

~~This bill would establish the No Place Like Home Program, to be administered by the Department of Housing and Community Development. The bill would require the department to award \$2,000,000,000 through a competitive program among counties to finance capital costs, including, but not limited to, acquisition, design, construction, rehabilitation, or preservation, and to capitalize operating reserves, of permanent supportive housing for the target population, as specified. The bill would further require the department to allocate \$1,800,000 to a competitive program, as specified, and would require that applicants meet specified requirements to be eligible to apply for funding and would require the department to evaluate applications using specified criteria. The bill would require the department to award moneys in four rounds, as provided. The bill would require the~~

~~department to allocate \$200,000,000 among all counties within this state based on a calculation that includes, among other considerations, the numbers of homeless persons residing in each county. The bill would establish, and continuously appropriate, the No Place Like Home Fund for these purposes. The bill would also appropriate \$6,200,000 from the Mental Health Services Fund to the department to provide technical and application preparation assistance to counties. The bill would require counties to annually report to the department on activities funded under these provisions, as provided.~~

~~This bill would establish the No Place Like Home Program Advisory Committee, as specified, and require the committee to assist and advise the department in the implementation of the program, review and make recommendations on the department's guidelines, review the department's progress in distributing moneys pursuant to the program, and provide advise and guidance on statewide homelessness issues. The bill would also require the department to submit a report on the program to the Legislature by December 31 of each year, as specified, and, upon an appropriation for that purpose, to contract with a public or private research university in this state to evaluate the program, as provided.~~

~~(2)The MHSA, among other things, requires county health programs to develop plans for innovative programs, to be funded as provided, and requires that the innovative program have specified purposes, including increasing access to services. Existing law requires that the projects included in the innovative program portion of a county health plan meet specified requirements, including increasing access to underserved groups and increasing access to services.~~

~~This bill would specify that the services required to be provided through these programs, among other things, may include the provision of permanent supportive housing.~~

~~(3) This bill would declare that its provisions further the intent of the MHSA.~~

~~(4) This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.~~

Vote: $\frac{2}{3}$ -majority. Appropriation: yes-no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 *SECTION 1. Section 6001 of the Business and Professions*
- 2 *Code is amended to read:*

1 6001. The State Bar of California is a public corporation. It is
2 hereinafter designated as the State Bar.

3 The State Bar has perpetual succession and a seal and it may sue
4 and be sued. It may, for the purpose of carrying into effect and
5 promoting its objectives:

6 (a) Make contracts.

7 (b) Borrow money, contract debts, issue bonds, ~~notes~~ *notes*, and
8 debentures and secure the payment or performance of its
9 obligations.

10 (c) Own, hold, use, ~~manage~~ *manage*, and deal in and with real
11 and personal property.

12 (d) Construct, alter, ~~maintain~~ *maintain*, and repair buildings and
13 other improvements to real property.

14 (e) Purchase, lease, obtain options upon, acquire by gift, bequest,
15 ~~devise~~ *devise*, or otherwise, any real or personal property or any
16 interest therein.

17 (f) Sell, lease, exchange, convey, transfer, assign, encumber,
18 pledge, dispose of any of its real or personal property or any
19 interest therein, ~~including~~ *including*, without ~~limitation~~ *limitation*,
20 all or any portion of its income or revenues from membership fees
21 paid or payable by members.

22 (g) Do all other acts incidental to the foregoing or necessary or
23 expedient for the administration of its affairs and the attainment
24 of its purposes.

25 Pursuant to those powers enumerated in subdivisions (a) to (g),
26 inclusive, it is recognized that the State Bar has authority to raise
27 revenue in addition to that provided for in Section 6140 and other
28 statutory provisions. The State Bar is empowered to raise that
29 additional revenue by any lawful ~~means, including, but not limited~~
30 ~~to, means. However, as of December 31, 2016, the creation of State~~
31 *Bar shall not create any foundations or not-for-profit nonprofit*
32 corporations.

33 The State Bar shall conspicuously publicize to its members in
34 the annual dues statement and other appropriate communications,
35 including its Web site and electronic communications, that its
36 members have the right to limit the sale or disclosure of member
37 information not reasonably related to regulatory purposes. In those
38 communications the State Bar shall note the location of the State
39 Bar's privacy policy, and shall also note the simple procedure by
40 which a member may exercise his or her right to prohibit or restrict,

1 at the member's option, the sale or disclosure of member
2 information not reasonably related to regulatory purposes. On or
3 before May 1, 2005, the State Bar shall report to the Assembly
4 and Senate Committees on Judiciary regarding the procedures that
5 it has in place to ensure that members can appropriately limit the
6 use of their member information not reasonably related to
7 regulatory purposes, and the number of members choosing to
8 utilize these procedures.

9 No law of this state restricting, or prescribing a mode of
10 procedure for the exercise of powers of state public bodies or state
11 agencies, or classes thereof, including, but not by way of limitation,
12 the provisions contained in Division 3 (commencing with Section
13 11000), Division 4 (commencing with Section 16100), and Part 1
14 (commencing with Section 18000) and Part 2 (commencing with
15 Section 18500) of Division 5, of Title 2 of the Government Code,
16 shall be applicable to the State Bar, unless the Legislature expressly
17 so declares. Notwithstanding the foregoing or any other law,
18 pursuant to Sections 6026.7 and 6026.11, the State Bar is subject
19 to the California Public Records Act (Chapter 3.5 (commencing
20 with Section 6250) of Division 7 of Title 1 of the Government
21 Code) and, commencing April 1, 2016, the Bagley-Keene Open
22 Meeting Act (Article 9 (commencing with Section 11120) of
23 Chapter 1 of Part 1 of Division 3 of Title 2 of the Government
24 Code).

25 *SEC. 2. Section 6001.1 of the Business and Professions Code*
26 *is amended to read:*

27 6001.1. (a) Protection of the public shall be the highest priority
28 for the State Bar of California and the board of trustees in
29 exercising their licensing, regulatory, and disciplinary functions.
30 ~~Whenever~~ *While the State Bar has jurisdiction over a broad array*
31 *of important legal functions, whenever* the protection of the public
32 is inconsistent with other interests sought to be promoted, the
33 protection of the public shall be paramount.

34 (b) *Because protection of the public requires that legal services*
35 *are provided in a competent, accessible, and ethical manner and*
36 *that the judicial system functions in a fair, impartial, and just*
37 *manner, protection of the public is defined as the core regulatory*
38 *function of the State Bar in the following order of priority:*

1 (1) Attorneys shall be competent and ethical and comply with
2 all state and federal laws, as well as all standards of professional
3 conduct developed by the State Bar.

4 (2) Appropriate discipline shall be imposed upon attorneys who
5 fail to comply with those standards and appropriate legal sanctions
6 shall be imposed upon nonattorneys who attempt to practice law
7 without a license.

8 (3) Competent and professional legal services shall be equally
9 available and delivered without regard to income.

10 (4) The legal profession shall represent the broad diversity of
11 California.

12 SEC. 3. Section 6008.5 of the Business and Professions Code
13 is repealed.

14 ~~6008.5. Whenever the board has pledged, placed a charge upon,~~
15 ~~or otherwise made available all or any portion of the income or~~
16 ~~revenue from membership fees for the payment of security of an~~
17 ~~obligation of the State Bar or any interest thereon, and so long as~~
18 ~~any such obligation or any interest thereon remains unpaid, the~~
19 ~~Legislature shall not reduce the maximum membership fee below~~
20 ~~the maximum in effect at the time such obligation is created or~~
21 ~~incurred, and the provisions of this section shall constitute a~~
22 ~~covenant to the holder or holders of any such obligation.~~

23 SEC. 4. Section 6008.6 of the Business and Professions Code
24 is amended to read:

25 6008.6. (a) The State Bar shall award no contract for goods,
26 services, or both, for an aggregate amount in excess of fifty
27 thousand dollars (\$50,000), or for information technology goods,
28 services, or both, for an aggregate amount in excess of one hundred
29 thousand dollars (\$100,000), except pursuant to the standards
30 established in Article 4 (commencing with Section 10335) of
31 Chapter 2 of Part 2 of Division 2 of the Public Contract Code.
32 ~~Code and approval of the board of trustees.~~ The State Bar shall
33 establish a request for proposal procedure by rule, pursuant to the
34 general standards established in Article 4 (commencing with
35 Section 10335) of Chapter 2 of Part 2 of Division 2 of the Public
36 Contract Code. For the purposes of this section, “information
37 technology” includes, but is not limited to, all electronic technology
38 systems and services, automated information handling, system
39 design and analysis, conversion voice, video, and data
40 communications, network systems, requisite facilities, equipment,

1 system controls, stimulation, electronic commerce, and all related
2 interactions between people and machines.

3 (b) *The board of trustees shall adopt policies and procedures*
4 *to require board approval of any contract that could impact the*
5 *State Bar's ability to carry out its paramount duty to protect the*
6 *public.*

7 *SEC. 5. Section 6009.7 of the Business and Professions Code*
8 *is repealed.*

9 ~~6009.7. (a) (1) The State Bar shall determine the manner by~~
10 ~~which to reduce the board of trustees from 23 members to 19~~
11 ~~members, as described in Section 6011, pursuant to the election~~
12 ~~and appointment processes specified in Sections 6012, 6013.1,~~
13 ~~6013.2, and 6013.3.~~

14 ~~(2) The State Bar shall develop a plan for implementing the~~
15 ~~transition to a 19-member board by January 31, 2012.~~

16 ~~(3) By January 31, 2012, the State Bar shall submit a written~~
17 ~~report to the Senate and Assembly Committees on Judiciary that~~
18 ~~includes, but is not limited to, the implementation plan described~~
19 ~~in paragraph (2).~~

20 ~~(b) The State Bar shall complete the transition to a 19-member~~
21 ~~board no later than October 31, 2014.~~

22 ~~(c) The State Bar shall not change, reduce, shorten, lengthen,~~
23 ~~or abolish the terms of board members commencing prior to~~
24 ~~December 31, 2011, or force any board member to resign in order~~
25 ~~to institute a 19-member board pursuant to this section.~~

26 ~~(d) The State Bar shall report annually to the Senate and~~
27 ~~Assembly Committees on Judiciary on its progress toward~~
28 ~~implementing the transition to a 19-member board.~~

29 *SEC. 6. Section 6011 of the Business and Professions Code is*
30 *amended to read:*

31 ~~6011. (a) The board shall consist of no more than 23 19~~
32 ~~members and no less fewer than 19 13 members.~~

33 (b) It is the intent of the Legislature that the board consist of no
34 more than 23 19 members and no less fewer than 19 13 members
35 during the period of transition from a 23-member 19-member board
36 to a 19-member board, as described in Section 6009.7. 13-member
37 board. It is the intent of the Legislature that the board, pursuant
38 to the plan developed by the State Bar as described in Section
39 6009.7, gradually board decrease its size without shortening,
40 lengthening, or abolishing terms commencing prior to December

1 31, 2011, 2016, with the ultimate goal of instituting a 19-member
2 13-member board no later than October 31, 2014, pursuant to
3 ~~Section 6009.7~~. 2019. *It is the intent of the Legislature that this*
4 *transition occur by the expiration of the terms of the elected*
5 *members who are serving on the board as of December 31, 2016.*

6 (c) *When making appointments to the board after December*
7 *31, 2016, each appointing authority shall consider appointing*
8 *members with demonstrated education or experience, or both, in*
9 *at least one of the following:*

10 (1) *Public finance.*

11 (2) *Public administration.*

12 (3) *Business or financial management.*

13 (4) *State government, particularly prior regulatory experience.*

14 (5) *Legal ethics.*

15 (6) *Immigration law.*

16 SEC. 7. *Section 6012 of the Business and Professions Code is*
17 *repealed.*

18 ~~6012. (a) State Bar Districts, as they existed on December 31,~~
19 ~~2011, pursuant to Section 6012.5, as added by Chapter 1223 of~~
20 ~~the Statutes of 1989, shall cease, pursuant to the act that added this~~
21 ~~section, for purposes of the election of attorney members of the~~
22 ~~board. However, attorney members who were elected in 2009,~~
23 ~~2010, or 2011 to serve for a three-year term commencing at the~~
24 ~~conclusion of the annual meeting held in those years shall be~~
25 ~~eligible to serve their full three-year terms.~~

26 (b) ~~Commencing on January 1, 2012, State Bar Districts shall~~
27 ~~be based on the six court of appeal districts as constituted pursuant~~
28 ~~to Section 69100 of the Government Code, as they existed on~~
29 ~~December 31, 2011. The board shall provide for the election of~~
30 ~~six attorney members of the board from these six State Bar Districts~~
31 ~~as specified in Section 6013.2.~~

32 SEC. 8. *Section 6013.1 of the Business and Professions Code*
33 *is amended to read:*

34 6013.1. (a) The Supreme Court shall appoint five attorney
35 members of the board pursuant to a process that the Supreme Court
36 may prescribe. These attorney members shall serve for a term of
37 ~~three~~ four years and may be reappointed by the Supreme Court for
38 one additional term only.

1 (b) An attorney member elected pursuant to Section 6013.2 may
2 be appointed by the Supreme Court pursuant to this section to a
3 term as an appointed attorney member.

4 (c) The Supreme Court shall fill any vacancy in the term of, and
5 make any reappointment of, any appointed attorney member.

6 (d) When making appointments to the board, the Supreme Court
7 should consider appointing attorneys that represent the following
8 categories: legal services; small firm or solo practitioners;
9 historically underrepresented groups, including consideration of
10 race, ethnicity, gender, and sexual orientation; and legal academics.
11 In making appointments to the board, the Supreme Court should
12 also consider geographic distribution, years of practice, particularly
13 attorneys who are within the first five years of practice or 36 years
14 of age and under, and participation in voluntary local or state bar
15 activities.

16 (e) The State Bar shall be responsible for carrying out the
17 administrative responsibilities related to the appointment process
18 described in subdivision (a).

19 *SEC. 9. Section 6013.2 of the Business and Professions Code*
20 *is repealed.*

21 ~~6013.2. (a) Six members of the board shall be attorneys elected~~
22 ~~from the State Bar Districts created by the board pursuant to~~
23 ~~Section 6012.~~

24 ~~(b) An attorney member elected pursuant to this section shall~~
25 ~~serve for a term of three years. An elected attorney member may~~
26 ~~run for reelection, but may be reelected to only serve one additional~~
27 ~~term.~~

28 *SEC. 10. Section 6013.3 of the Business and Professions Code*
29 *is amended to read:*

30 6013.3. (a) One attorney member of the board shall be
31 appointed by the Senate Committee on Rules and one attorney
32 member shall be appointed by the Speaker of the Assembly.

33 (b) An attorney member appointed pursuant to this section shall
34 serve for a term of ~~three~~ four years. An appointed attorney member
35 may be reappointed pursuant to this section.

36 *SEC. 11. Section 6013.5 of the Business and Professions Code*
37 *is amended to read:*

38 ~~6013.5. Notwithstanding any other provision of law,~~

39 (a) *Effective January 1, 2017, a minimum of* six members of the
40 board shall be members of the public who have never been

1 members of the State Bar or admitted to practice before any court
2 in the United States. ~~They shall be appointed through 1982 by the~~
3 ~~Governor, subject to the confirmation of the Senate.~~

4 ~~Each~~

5 ~~(b) Each of such these~~ members shall serve for a term of ~~three~~
6 ~~four~~ years, commencing at the conclusion of the annual meeting
7 next succeeding his ~~appointment, except that for the initial term~~
8 ~~after enactment of this section, two shall serve for one year, two~~
9 ~~for two years, and the other two for three years, as determined by~~
10 ~~lot or her appointment.~~

11 ~~In 1983 one~~

12 (c) ~~One~~ public member shall be appointed by the Senate
13 Committee on Rules and one public member shall be appointed
14 by the Speaker of the Assembly.

15 ~~For each of the years, 1984 and 1985, two~~

16 (d) ~~Four~~ public members shall be appointed by the Governor,
17 subject to the confirmation of the Senate.

18 ~~Each~~

19 (e) ~~Each~~ respective appointing authority shall fill any vacancy
20 in and make any reappointment to each respective office.

21 *SEC. 12. Section 6015 of the Business and Professions Code*
22 *is amended to read:*

23 6015. No person is eligible for attorney membership on the
24 board unless ~~both~~ *all* of the following conditions are satisfied:

25 (a) He or she is an active member of the State Bar.

26 (b) Either:

27 (1) ~~If Prior to October 31, 2019, if~~ elected, he or she maintains
28 his or her principal office for the practice of law within the State
29 Bar district from which he or she is elected.

30 (2) If appointed by the Supreme Court or the Legislature, he or
31 she maintains his or her principal office for the practice of law
32 within the State of California.

33 (c) *If newly appointed after December 31, 2016, he or she*
34 *satisfies the requirements of subdivision (c) of Section 6011.*

35 *SEC. 13. Section 6016 of the Business and Professions Code*
36 *is amended to read:*

37 6016. The term of office of each attorney member of the board
38 shall commence at the conclusion of the annual meeting next
39 succeeding his or her election or appointment, and he or she shall
40 hold office until his or her successor is elected or appointed and

1 qualified. For the purposes of this section, the time intervening
2 between any two successive annual meetings shall be deemed to
3 be one year.

4 ~~Except as specified in Section 6013.1, vacancies in the board of~~
5 ~~trustees shall be filled by the board by special election or by~~
6 ~~appointment for the unexpired term.~~

7 The board of trustees may provide by rule for an interim board
8 to act in the place and stead of the board when because of vacancies
9 during terms of office there is less than a quorum of the board.

10 *SEC. 14. Section 6018 of the Business and Professions Code*
11 *is repealed.*

12 ~~6018. Nominations of elected members of the board shall be~~
13 ~~by petition signed by at least 20 persons entitled to vote for such~~
14 ~~nominees.~~

15 ~~Only active members of the State Bar maintaining their principal~~
16 ~~offices for the practice of the law in the respective State Bar~~
17 ~~districts shall be entitled to vote for the member or members of~~
18 ~~the board therefrom.~~

19 *SEC. 15. Section 6019 of the Business and Professions Code*
20 *is amended to read:*

21 6019. Each place upon the board for which a member is to be
22 elected or appointed shall for the purposes of the election or
23 appointment be deemed a separate office.

24 ~~In all other respects the elections shall be as the board may by~~
25 ~~rule direct.~~

26 ~~If only one member seeks election to an office, the member is~~
27 ~~deemed elected. If two or more members seek election to the same~~
28 ~~office, the election shall be by ballot. The ballots shall be~~
29 ~~distributed to those entitled to vote at least twenty days prior to~~
30 ~~the date of canvassing the ballots and shall be returned to a site or~~
31 ~~sites designated by the State Bar, where they shall be canvassed~~
32 ~~at least five days prior to the ensuing annual meeting. At the annual~~
33 ~~meeting, the count shall be certified and the result officially~~
34 ~~declared.~~

35 *SEC. 16. Section 6021 of the Business and Professions Code*
36 *is amended to read:*

37 6021. (a) (1) ~~Within the period of 90 days next preceeding the~~
38 ~~annual meeting, the board, at a meeting called for that purpose,~~
39 ~~The California Supreme Court shall elect select from the president,~~
40 ~~vice president, and treasurer for members of the ensuing year. The~~

1 president, the vice-president, ~~board a chair~~ and the treasurer shall
2 be elected from among all members ~~a vice chair to serve in the~~
3 ~~absence of the board.~~ *chair.*

4 (2) The newly elected president, *chair* and vice-president, and
5 treasurer *chair* shall assume the duties of their respective offices
6 at the conclusion of the annual meeting following their ~~election.~~
7 *appointment.*

8 (b) The term of the board-president *chair* shall be ~~one year,~~
9 except that he or she may be reelected to a second one-year term
10 as the board president. *two years.*

11 (c) Notwithstanding the provisions of Sections 6009.7 and 6011
12 regarding a 19-member board, if the president is elected from
13 among those members of the board whose terms on the board
14 expire that year and has not been reelected or reappointed to
15 another term under Section 6013.1, 6013.2, 6013.3, or 6013.5, the
16 president shall serve as a 20th member of the board during his or
17 her one-year term, and he or she may vote.

18 SEC. 17. Section 6022 of the Business and Professions Code
19 is amended to read:

20 6022. The secretary *and treasurer of the State Bar* shall be
21 selected annually by the board and need not be ~~a member~~ *members*
22 of the State Bar.

23 SEC. 18. Section 6026.5 of the Business and Professions Code,
24 as added by Section 3 of Chapter 537 of the Statutes of 2015, is
25 repealed.

26 6026.5.—(a) Pursuant to Section 6026.7, every meeting of the
27 board shall be open to the public except those meetings, or portions
28 thereof, relating to:

29 (1) Consultation with counsel concerning pending or prospective
30 litigation.

31 (2) Involuntary enrollment of active members as inactive
32 members due to mental infirmity or illness or addiction to
33 intoxicants or drugs.

34 (3) The qualifications of judicial appointees, nominees, or
35 candidates.

36 (4) The appointment, employment, or dismissal of an employee,
37 consultant, or officer of the State Bar or to hear complaints or
38 charges brought against such employee, consultant, or officer,
39 unless such person requests a public hearing.

1 ~~(5) Disciplinary investigations and proceedings, including~~
2 ~~resignations with disciplinary investigations or proceedings~~
3 ~~pending, and reinstatement proceedings.~~

4 ~~(6) Appeals to the board from decisions of the Board of Legal~~
5 ~~Specialization refusing to certify or recertify an applicant or~~
6 ~~suspending or revoking a specialist's certificate.~~

7 ~~(7) Appointments to or removals from committees, boards, or~~
8 ~~other entities.~~

9 ~~(8) Joint meetings with agencies provided in Article VI of the~~
10 ~~California Constitution.~~

11 ~~(b) This section shall become operative on April 1, 2016.~~

12 *SEC. 19. Section 6026.7 of the Business and Professions Code,*
13 *as added by Section 5 of Chapter 537 of the Statutes of 2015, is*
14 *amended to read:*

15 6026.7. (a) The State Bar is subject to the Bagley-Keene Open
16 Meeting Act (Article 9 (commencing with Section 11120) of
17 Chapter 1 of Part 1 of Division 3 of Title 2 of the Government
18 Code) and all meetings of the State Bar are subject to the
19 Bagley-Keene Open Meeting Act.

20 (b) Notwithstanding any other law, the Bagley-Keene Open
21 Meeting Act shall not apply to the *Commission on Judicial*
22 *Nominees-Evaluation Commission or Evaluation*, the Committee
23 *of Bar Examiners, Examiners, or the State Bar Court.*

24 ~~(c) This section shall become operative on April 1, 2016. In~~
25 *addition to the grounds authorized in the Bagley-Keene Open*
26 *Meeting Act, a closed session may be held for those meetings, or*
27 *portions thereof, relating to both of the following:*

28 *(1) Appeals from decisions of the Board of Legal Specialization*
29 *refusing to certify or recertify an applicant or suspending or*
30 *revoking a specialist's certificate.*

31 *(2) The preparation, approval, grading, or administration of*
32 *examinations for certification of a specialist.*

33 *SEC. 20. Section 6029 of the Business and Professions Code*
34 *is amended to read:*

35 6029. (a) The board may appoint such committees, ~~officers~~
36 ~~officers~~, and employees as it deems necessary or ~~proper~~, *proper*
37 and fix and pay salaries and necessary expenses.

38 (b) *Any executive committee of the board shall include at least*
39 *one member of the board who was previously appointed by each*
40 *of the following appointing authorities:*

1 (1) *The California Supreme Court.*

2 (2) *The Governor.*

3 (3) *The Senate Committee on Rules.*

4 (4) *The Speaker of the Assembly.*

5 SEC. 21. *Section 6030 of the Business and Professions Code*
6 *is amended to read:*

7 6030. The board shall be charged with the executive function
8 of the State Bar and the enforcement of the provisions of this
9 chapter. The violation or threatened violation of any provision of
10 Articles 7 (commencing with Section 6125) and 9 (commencing
11 with Section 6150) of this chapter may be enjoined in a civil action
12 brought in the superior court by the State Bar and no undertaking
13 shall be required of the State Bar.

14 (a) *Any decision of the board that the California Supreme Court*
15 *determines may raise antitrust concerns shall be reviewed by the*
16 *California Supreme Court and is subject to modification, veto, or*
17 *other appropriate action by the California Supreme Court.*

18 SEC. 22. *Section 6060.2 of the Business and Professions Code*
19 *is amended to read:*

20 6060.2. (a) All investigations or proceedings conducted by
21 the State Bar concerning the moral character of an applicant shall
22 be confidential and shall not be disclosed pursuant to any state
23 law, including, but not limited to, the California Public Records
24 Act (Chapter 3.5 (commencing with Section 6250) of Division 7
25 of Title 1 of the Government Code) unless the applicant, in writing,
26 waives the confidentiality. ~~However, the records of the proceeding~~
27 ~~may be subject to lawfully issued subpoenas.~~

28 (b) *Notwithstanding subdivision (a), the records of the*
29 *proceeding may be disclosed in response to either of the following:*

30 (1) *A lawfully issued subpoena.*

31 (2) *A written request from a government agency responsible*
32 *for either the enforcement of civil or criminal laws or the*
33 *professional licensing of individuals that is conducting an*
34 *investigation about the applicant.*

35 SEC. 23. *Section 6060.25 of the Business and Professions Code*
36 *is amended to read:*

37 6060.25. (a) Notwithstanding any other law, any identifying
38 information submitted by an applicant to the State Bar for
39 admission and a license to practice law and all State Bar admission
40 records, including, but not limited to, bar examination scores, law

1 school grade point average (GPA), undergraduate GPA, Law
2 School Admission Test scores, race or ethnicity, and any
3 information contained within the State Bar Admissions database
4 or any file or other data created by the State Bar with information
5 submitted by the applicant that may identify an individual
6 applicant, *other than information described in subdivision (b)*,
7 shall be confidential and shall not be disclosed pursuant to any
8 state law, including, but not limited to, the California Public
9 Records Act (Chapter 3.5 (commencing with Section 6250) of
10 Division 7 of Title 1 of the Government Code).

11 *(b) This section does not prohibit the disclosure of any of the*
12 *following:*

13 *(1) The names of applicants who have passed any examination*
14 *administered, given, or prescribed by the Committee of Bar*
15 *Examiners.*

16 *(2) Information that is provided at the request of an applicant*
17 *to another jurisdiction where the applicant is seeking admission*
18 *to the practice of law.*

19 *(3) Information provided to a law school that is necessary for*
20 *the purpose of the law school's compliance with accreditation or*
21 *regulatory requirements.*

22 *(4) Information provided to the National Conference of Bar*
23 *Examiners or a successor nonprofit organization in connection to*
24 *the State Bar's administration of any examination.*

25 *(5) This subdivision shall apply retroactively to January 1, 2016.*

26 *(c) Disclosure of any of the information in paragraphs (2) to*
27 *(4), inclusive, of subdivision (b) shall not constitute a waiver under*
28 *Section 6254.5 of the Government Code of the exemption from*
29 *disclosure provided for in subdivision (a) of this section.*

30 *SEC. 24. Section 6075.6 is added to the Business and*
31 *Professions Code, to read:*

32 *6075.6. (a) (1) The Attorney General shall appoint a State*
33 *Bar enforcement program monitor prior to March 31, 2017. The*
34 *applicant for the position shall have investigative experience, shall*
35 *be familiar with California laws and procedures, and, preferably,*
36 *shall be familiar with the rules and procedures of the State Bar*
37 *lawyer discipline system and relevant administrative procedures.*
38 *The enforcement program monitor may be a state employee or his*
39 *or her services may be provided pursuant to contract.*

1 (2) *The Attorney General shall supervise the enforcement*
2 *program monitor and may terminate or dismiss him or her from*
3 *this position.*

4 (b) (1) *The enforcement program monitor shall monitor and*
5 *evaluate the disciplinary system and procedures of the State Bar.*
6 *The enforcement program monitor shall make his or her highest*
7 *priority the reform and reengineering of the State Bar's*
8 *enforcement program and operations and the improvement of the*
9 *overall efficiency of the State Bar's disciplinary system so that the*
10 *State Bar is successfully and consistently protecting the public.*

11 (2) *This monitoring duty shall include, but not be limited to,*
12 *review of State Bar reports, recommendations for a prioritization*
13 *standard for cases most likely to cause potential harm to the public,*
14 *improving the timeframe for the handling of complaints and in the*
15 *rendering of initial decisions on complaints, developing a*
16 *recommendation for an appropriate definition of "complex case"*
17 *and a reasonable timeframe for rendering an initial decision in*
18 *these cases, reviewing the efficiency of the system, the fairness*
19 *and courtesy given to complainants, and the adequacy of the*
20 *staffing and the budget allocated to the discipline section of the*
21 *State Bar, reducing the complaint backlog, recommendations*
22 *regarding an appropriate backlog standard in light of the*
23 *prioritization standards recommended by the enforcement program*
24 *monitor, reviewing the consistency in the application of sanctions*
25 *or discipline imposed, the implementation of laws affecting*
26 *discipline and the State Bar's operations, and reviewing*
27 *disciplinary standards and rules, staff concerns regarding*
28 *disciplinary matters or procedures, and the State Bar's cooperation*
29 *with other governmental entities charged with enforcing related*
30 *laws and regulations that affect members of the State Bar.*

31 (3) *The enforcement program monitor shall exercise no authority*
32 *over the State Bar's discipline operations or staff; however, the*
33 *State Bar and its staff shall cooperate with the enforcement*
34 *program monitor, and the State Bar shall provide data,*
35 *information, and case files as requested by the enforcement*
36 *program monitor to perform all of his or her duties.*

37 (c) *The enforcement program monitor shall submit an initial*
38 *written report of his or her findings and conclusions to the State*
39 *Bar, the Supreme Court, and the Legislature no later than October*
40 *1, 2019, and be available to make oral reports to each if requested*

1 *to do so. The initial report shall include an analysis of the sources*
2 *of information that resulted in each disciplinary action imposed*
3 *since January 1, 2016. The enforcement program monitor may*
4 *also provide additional information to either the Supreme Court,*
5 *the State Bar, or the Legislature at his or her discretion or at the*
6 *request of the Supreme Court, the State Bar, or the Legislature.*
7 *The enforcement program monitor shall make his or her reports*
8 *available to the public or the media. The enforcement program*
9 *monitor shall make every effort to provide the State Bar with an*
10 *opportunity to reply to any facts, findings, issues, or conclusions*
11 *in his or her reports with which the State Bar may disagree.*

12 *(d) The enforcement program monitor shall issue a final report*
13 *prior to March 31, 2020.*

14 *(e) This section shall become inoperative on March 31, 2020,*
15 *and as of January 1, 2021, shall be repealed.*

16 *SEC. 25. Section 6086.5 of the Business and Professions Code*
17 *is amended to read:*

18 *6086.5. The board of trustees shall establish a State Bar Court,*
19 *to act in its place and stead in the determination of disciplinary*
20 *and reinstatement proceedings and proceedings pursuant to*
21 *subdivisions (b) and (c) of Section 6007 to the extent provided by*
22 *rules adopted by the board of trustees pursuant to this chapter. In*
23 *these proceedings the State Bar Court may exercise the powers*
24 *and authority vested in the board of trustees by this chapter,*
25 *including those powers and that authority vested in committees*
26 *of, or established by, the board, except as limited by rules of the*
27 *board of trustees within the scope of this chapter.*

28 *Access to records of the State Bar Court shall be governed by*
29 *court rules and laws applicable to records of the judiciary and*
30 *not the California Public Records Act (Chapter 3.5 (commencing*
31 *with Section 6250) of Division 7 of Title 1 of the Government*
32 *Code).*

33 *For the purposes of Sections 6007, 6043, 6049, 6049.2, 6050,*
34 *6051, 6052, 6077 (excluding the first sentence), 6078, 6080, 6081,*
35 *and 6082, "board" includes the State Bar Court.*

36 *Nothing in this section shall authorize the State Bar Court to*
37 *adopt rules of professional conduct or rules of procedure.*

38 *The Executive Committee of the State Bar Court may adopt*
39 *rules of practice for the conduct of all proceedings within its*
40 *jurisdiction. These rules may not conflict with the rules of*

1 procedure adopted by the board, unless approved by the Supreme
2 Court.

3 *SEC. 26. Section 6134 is added to the Business and Professions*
4 *Code, to read:*

5 *6134. (a) When the Office of the Chief Trial Counsel becomes*
6 *aware of an allegation that a person not licensed to practice law*
7 *in California has practiced or held himself or herself out as*
8 *practicing law or entitled to practice law in the state, the office's*
9 *intake unit shall open a nonattorney complaint against that person*
10 *for evaluation and processing.*

11 *(b) The intake unit shall open a case record in the office's case*
12 *management system with the complaint form received date. The*
13 *complaint form received date shall be the date the State Bar first*
14 *received the complaint. Evaluation and processing of the*
15 *nonattorney complaint shall include, but not be limited to, all of*
16 *the following:*

17 *(1) Creation of a summary of the allegation or allegations in*
18 *the case record and assignment to staff, including inputting staff*
19 *assignment codes into the case management system.*

20 *(2) Identifying the source of the complaint.*

21 *(3) Identifying the relevant practice area of law, such as*
22 *immigration, loan modification, or debt resolution, and recording*
23 *the relevant practice area of law in the case record.*

24 *(4) Identifying whether the allegations include potential identity*
25 *theft of a licensed attorney's identity and, if so, contacting the*
26 *potential victim attorney to verify whether the attorney is aware*
27 *of the potential identify theft and whether he or she has notified*
28 *law enforcement.*

29 *(5) Evaluating the nonattorney complaint for unauthorized*
30 *practice of law allegations, which includes opening a*
31 *corresponding attorney complaint case record, if appropriate,*
32 *such as in the case in which the nonattorney complaint also*
33 *identifies a licensed California attorney potentially aiding or*
34 *abetting the person in the unauthorized practice of law.*

35 *(6) Seeking additional information from the complainant or*
36 *other sources, such as the Internet, when the nonattorney complaint*
37 *does not provide specific or sufficient facts to establish that the*
38 *unauthorized practice of law may have occurred.*

39 *(7) Determining whether to forward the complaint to the*
40 *enforcement unit for investigation.*

1 (c) If the nonattorney complaint sufficiently alleges an
2 unauthorized practice of law violation, the intake unit shall do
3 both of the following:

4 (1) Forward the nonattorney complaint to the enforcement unit
5 for further action.

6 (2) Refer the matter to law enforcement or other appropriate
7 agency for consideration of criminal or other enforcement action,
8 as specified in subdivisions (f) and (g).

9 (d) If the nonattorney complaint sufficiently alleges the use of
10 “notario,” “notario publico,” or other words or phrases in
11 violation of Section 6126.7 or there is other evidence of a violation
12 of Section 6126.7, the intake unit shall forward the complaint to
13 the enforcement unit for further action.

14 (e) If the nonattorney complaint does not sufficiently allege an
15 unauthorized practice of law violation or a violation of Section
16 6126.7, the intake unit shall do all of the following:

17 (1) Notify the complainant in writing of the determination.

18 (2) Advise the complainant in writing of the opportunity to seek
19 reconsideration of the determination.

20 (3) Process the case for closure, including updating the case
21 record.

22 (f) The intake unit’s staff shall resolve nonattorney complaints
23 by either:

24 (1) Forwarding the nonattorney complaint to the office’s
25 enforcement unit.

26 (2) Closing the nonattorney complaint in the intake unit.

27 (g) (1) A nonattorney complaint alleging the unauthorized
28 practice of law shall be presumed to warrant a law enforcement
29 referral to federal, state, or local authorities, such as the United
30 States Attorney, the Attorney General, the local district attorney,
31 local county counsel, or local city attorney, for criminal or other
32 enforcement action.

33 (2) After the intake unit forwards a nonattorney complaint, the
34 office’s enforcement unit shall make the referral required under
35 paragraph (1), where appropriate, and shall coordinate with law
36 enforcement, as appropriate, throughout the office’s investigation
37 of the nonattorney complaint.

38 (3) The intake unit may, where warranted, refer nonattorney
39 complaints that do not allege the unauthorized practice of law to
40 another regulatory agency, such as the Bureau of Real Estate, the

1 *Department of Consumer Affairs, the United States Securities and*
2 *Exchange Commission, the Federal Trade Commission, and the*
3 *United States Patent and Trademark Office.*

4 *(h) Staff of the intake unit shall evaluate nonattorney complaints*
5 *and strive to meet all of the following in at least 90 percent of*
6 *nonattorney complaints filed:*

7 *(1) Open a nonattorney complaint case record within five days*
8 *from the complaint form received date, as defined in subdivision*
9 *(b).*

10 *(2) Complete the initial legal review of the nonattorney*
11 *complaint within 20 days from the complaint form received date.*

12 *(3) Process the nonattorney complaint to resolution, which*
13 *means closing the case or forwarding the case for investigation,*
14 *within 60 days from the complaint form received date.*

15 *(i) Staff of the intake unit shall maintain processing activities*
16 *in the nonattorney complaint case record, including the recording*
17 *and tracking of other regulatory agency referrals made in*
18 *connection with a nonattorney complaint.*

19 *(j) All nonattorney complaints forwarded by the intake unit to*
20 *the office's enforcement unit shall be investigated to determine*
21 *whether there is evidence of the unauthorized practice of law or*
22 *any violation of Section 6126.7. There shall be an appropriate law*
23 *enforcement referral upon assignment to a staff member of the*
24 *enforcement unit. Assigned enforcement unit staff shall update any*
25 *law enforcement agency to which the complaint was referred with*
26 *the status and findings of the investigation as it proceeds. Upon*
27 *completion of an investigation, the assigned staff of the enforcement*
28 *unit shall analyze the evidence to determine whether the evidence*
29 *is sufficient to support formal proceedings in superior court.*

30 *(k) Enforcement unit staff shall complete nonattorney complaint*
31 *investigations to resolution by one of the following:*

32 *(1) Filing enforcement proceedings in superior court.*

33 *(2) Issuing a cease and desist letter. Enforcement unit staff may*
34 *issue a cease and desist letter where the unauthorized practice of*
35 *law activity appears isolated in nature and unlikely to recur or*
36 *where it otherwise appears that a cease and desist warning will*
37 *sufficiently address and stop the activity at issue.*

38 *(3) Closing the complaint with no further action.*

39 *(l) Enforcement unit staff shall investigate nonattorney*
40 *complaints adhering to the same backlog time standard applicable*

1 *to attorney discipline complaints and shall resolve the complaint*
2 *within six months from the complaint form received date.*

3 *(m) Intake unit staff and enforcement unit staff shall, as*
4 *appropriate, maintain and update processing activities in the*
5 *nonattorney case record, as follows:*

6 *(1) Record and track the number of superior court proceedings*
7 *initiated pursuant to Section 6126.3.*

8 *(2) Record and track the number of superior court proceedings*
9 *initiated pursuant to Section 6126.4.*

10 *(3) Record and track the number of superior court proceedings*
11 *initiated pursuant to Section 6126.7.*

12 *(4) Record and track the number of superior court proceedings*
13 *initiated pursuant to Section 6127.*

14 *(5) Record and track the number of law enforcement referrals*
15 *made in connection with nonattorney complaints.*

16 *(6) Record and track the number of other agency referrals made*
17 *in connection with nonattorney complaints.*

18 *(7) Record and track the number of cease and desist letters*
19 *issued in connection with nonattorney complaints.*

20 *SEC. 27. Section 6140 of the Business and Professions Code*
21 *is amended to read:*

22 *6140. (a) The board shall fix the annual membership fee for*
23 *active members for—2016 2017 at a sum not exceeding three*
24 *hundred fifteen dollars (\$315).*

25 *(b) The annual membership fee for active members is payable*
26 *on or before the first day of February of each year. If the board*
27 *finds it appropriate and feasible, it may provide by rule for payment*
28 *of fees on an installment basis with interest, by credit card, or other*
29 *means, and may charge members choosing any alternative method*
30 *of payment an additional fee to defray costs incurred by that*
31 *election.*

32 *(c) This section shall remain in effect only until January 1, 2017,*
33 *2018, and, as of that date, is repealed, unless a later enacted statute,*
34 *that is enacted before January 1, 2017, 2018, deletes or extends*
35 *that date.*

36 *SEC. 28. Section 6140.56 is added to the Business and*
37 *Professions Code, to read:*

38 *6140.56. (a) To ensure that the Client Security Fund can*
39 *adequately protect the public and relieve or mitigate financial*
40 *losses caused by the dishonest conduct of members of the State*

1 *Bar by paying claims in a timely manner, the State Bar shall*
2 *conduct a thorough analysis of the Client Security Fund, including*
3 *a review of the State Bar's oversight of the Client Security Fund,*
4 *to ensure that the structure provides for the most effective and*
5 *efficient operation of the fund, a determination of the ongoing*
6 *needs of the fund to satisfy claims in a timely manner, a review of*
7 *additional efforts that can be taken to increase the collection of*
8 *payments from the responsible attorneys, and a review of other*
9 *State Bar expenditures to determine whether other expenditures*
10 *that do not directly impact the State Bar's public protection*
11 *functions, including, but not limited to, executive salaries and*
12 *benefits, can be reduced or redirected in order to better fund the*
13 *Client Security Fund through existing revenue, and, whether, after*
14 *all other options have been fully and thoroughly exhausted, an*
15 *increase in membership dues is necessary to ensure that the Client*
16 *Security Fund can timely pay claims.*

17 *(b) The State Bar shall submit a report on its analysis of the*
18 *Client Security Fund to the Legislature by March 15, 2017, so that*
19 *the plans can be reviewed in conjunction with the bill that would*
20 *authorize the imposition of the State Bar's membership fee. The*
21 *report shall be submitted in compliance with Section 9795 of the*
22 *Government Code.*

23 *(c) For purposes of this section, "timely manner" means within*
24 *12 months from either the time the claim is received by the State*
25 *Bar or the resolution of the underlying discipline case involving*
26 *an attorney member that is a prerequisite to paying the claim,*
27 *whichever is later.*

28 *SEC. 29. Section 6145 of the Business and Professions Code*
29 *is amended to read:*

30 *6145. (a) The board shall engage the services of an independent*
31 *national or regional public accounting firm with at least five years*
32 *of experience in governmental auditing for an audit of its revenues,*
33 *expenditures, reserves, and its financial statement for each fiscal*
34 *year. The financial statement shall be promptly certified under*
35 *oath by the Treasurer of the State Bar, and a copy of the audit and*
36 *financial statement shall be submitted within 120 days of the close*
37 *of the fiscal year to the board, to the Chief Justice of the Supreme*
38 *Court, California, and to the Assembly and Senate Committees*
39 *on Judiciary.*

1 The audit shall examine the receipts and expenditures of the
2 State Bar and the State Bar sections to ensure that the receipts of
3 the sections are being applied, and their expenditures are being
4 made, in compliance with subdivision (a) of Section 6031.5, and
5 that the receipts of the sections are applied only to the work of the
6 sections.

7 The audit also shall examine the receipts and expenditures of
8 the State Bar to ensure that the funds collected on behalf of the
9 Conference of Delegates of California Bar Associations as the
10 independent successor entity to the former Conference of Delegates
11 of the State Bar are conveyed to that entity, that the State Bar has
12 been paid or reimbursed for the full cost of any administrative and
13 support services provided to the successor entity, including the
14 collection of fees or donations on its behalf, and that no mandatory
15 dues are being used to fund the activities of the successor entity.

16 In selecting the accounting firm, the board shall consider the
17 value of ~~continuity, along with~~ *continuity and* the risk that
18 continued long-term engagements of an accounting firm may affect
19 the independence of that firm.

20 (b) The board shall contract with the California State Auditor's
21 Office to conduct a performance audit of the State Bar's operations
22 from July 1, 2000, to December 31, 2000, inclusive. A copy of the
23 performance audit shall be submitted by May 1, 2001, to the board,
24 to the Chief Justice of ~~the Supreme Court, California~~, and to the
25 Assembly and Senate Committees on Judiciary.

26 Every two years thereafter, the board shall contract with the
27 California State Auditor's Office to conduct a performance audit
28 of the State Bar's operations for the respective fiscal year,
29 commencing with January 1, 2002, to December 31, 2002,
30 inclusive. A copy of the performance audit shall be submitted
31 within 120 days of the close of the fiscal year for which the audit
32 was performed to the board, to the Chief Justice of ~~the Supreme~~
33 ~~Court, California~~, and to the Assembly and Senate Committees
34 on Judiciary.

35 *For the performance audit due to the board, to the Chief Justice*
36 *of California, and to the Assembly and Senate Committees on*
37 *Judiciary in 2017, the California State Auditor shall review all of*
38 *the State Bar's expenses, including, but not limited to, executive*
39 *salaries and benefits, outside contracts, and real estate holdings,*
40 *to determine the expenses that are appropriate and necessary to*

1 *protect the public and what the appropriate level of member dues*
2 *should be and shall review and assess the State Bar's methodology*
3 *for determining and assessing member dues. That audit shall also*
4 *include a recommendation by the California State Auditor of an*
5 *appropriate methodology for the State Bar to calculate the portion*
6 *of administrative costs that are appropriately allocated to the*
7 *sections of the State Bar, including a fair and transparent process*
8 *for giving the sections advance notice of their costs and allowing*
9 *the sections to challenge the amount of administrative costs*
10 *allocated to them.*

11 For the purposes of this subdivision, the California State
12 Auditor's Office may contract with a third party to conduct the
13 performance audit. This subdivision is not intended to reduce the
14 number of audits the California State Auditor's Office may
15 otherwise be able to conduct.

16 (c) (1) *In addition to the audits required in subdivision (b), the*
17 *California State Auditor shall conduct a performance audit*
18 *evaluating the State Bar's progress in all of the following:*

19 (A) *Reviewing any changes in the State Bar's expenses made*
20 *as a result of prior audits by the California State Auditor.*

21 (B) *Correcting any issues raised in prior California State*
22 *Auditor audits.*

23 (C) *Increasing operational effectiveness and efficiency.*

24 ~~(e) Effective January 1, 2016, the board shall contract with the~~
25 ~~California State Auditor's Office to conduct an in-depth financial~~
26 ~~audit of the State Bar, including an audit of its financial statement,~~
27 ~~internal controls, and relevant management practices.~~

28 ~~(2) The contract shall include reimbursement for the California~~
29 ~~State Auditor's Office for the costs of conducting the audit. The~~
30 ~~audit shall, at a minimum, examine the revenues, expenditures,~~
31 ~~and reserves of the State Bar, including all fund transfers. The~~
32 ~~California State Auditor's Office Auditor shall commence the audit~~
33 ~~no later than January 1, 2016, report his or her findings and a copy~~
34 ~~of the audit shall be submitted by May 15, 2016, recommendations~~
35 ~~to the board, to the Chief Justice of the Supreme Court, California,~~
36 ~~and to the Assembly and Senate Committees on Judiciary. The~~
37 ~~audit shall be submitted in compliance with Section 9795 of the~~
38 ~~Government Code. This subdivision shall cease to be operative~~
39 ~~January 1, 2017. Judiciary no later than June 15, 2018.~~

1 *SEC. 30. The Legislature finds and declares that Sections 19*
2 *and 25 of this act, which amend Sections 6026.7 and 6086.5 of the*
3 *Business and Professions Code, impose a limitation on the public's*
4 *right of access to the meetings of public bodies or the writings of*
5 *public officials and agencies within the meaning of Section 3 of*
6 *Article I of the California Constitution. Pursuant to that*
7 *constitutional provision, the Legislature makes the following*
8 *findings to demonstrate the interest protected by this limitation*
9 *and the need for protecting that interest:*

10 *In order to protect the decisionmaking process of the State Bar*
11 *Court in a manner that is similar to the deliberative functions of*
12 *other courts and in order to ensure that personal or sensitive*
13 *information regarding discipline by the State Bar Court is kept*
14 *confidential, including for persons participating in discussions*
15 *and offers of settlement pursuant to arbitration or mediation, it is*
16 *necessary to exempt the State Bar Court from the provision of the*
17 *Bagley-Keene Open Meeting Act and the California Public Records*
18 *Act.*

19 ~~SECTION 1.—Section 5830 of the Welfare and Institutions Code~~
20 ~~is amended to read:~~

21 ~~5830. County mental health programs shall develop plans for~~
22 ~~innovative programs to be funded pursuant to paragraph (6) of~~
23 ~~subdivision (a) of Section 5892.~~

24 ~~(a) The innovative programs shall have the following purposes:~~

25 ~~(1) To increase access to underserved groups.~~

26 ~~(2) To increase the quality of services, including better~~
27 ~~outcomes.~~

28 ~~(3) To promote interagency collaboration.~~

29 ~~(4) To increase access to services, including, but not limited to,~~
30 ~~services provided through permanent supportive housing.~~

31 ~~(b) All projects included in the innovative program portion of~~
32 ~~the county plan shall meet the following requirements:~~

33 ~~(1) Address one of the following purposes as its primary~~
34 ~~purpose:~~

35 ~~(A) Increase access to underserved groups, which may include~~
36 ~~providing access through the provision of permanent supportive~~
37 ~~housing.~~

38 ~~(B) Increase the quality of services, including measurable~~
39 ~~outcomes.~~

40 ~~(C) Promote interagency and community collaboration.~~

1 ~~(D) Increase access to services, which may include providing~~
2 ~~access through the provision of permanent supportive housing.~~
3 ~~(2) Support innovative approaches by doing one of the~~
4 ~~following:~~
5 ~~(A) Introducing new mental health practices or approaches,~~
6 ~~including, but not limited to, prevention and early intervention.~~
7 ~~(B) Making a change to an existing mental health practice or~~
8 ~~approach, including, but not limited to, adaptation for a new setting~~
9 ~~or community.~~
10 ~~(C) Introducing a new application to the mental health system~~
11 ~~of a promising community-driven practice or an approach that has~~
12 ~~been successful in nonmental health contexts or settings.~~
13 ~~(D) Participating in a housing program designed to stabilize a~~
14 ~~person's living situation while also providing supportive services~~
15 ~~on site.~~
16 ~~(e) An innovative project may affect virtually any aspect of~~
17 ~~mental health practices or assess a new or changed application of~~
18 ~~a promising approach to solving persistent, seemingly intractable~~
19 ~~mental health challenges, including, but not limited to, any of the~~
20 ~~following:~~
21 ~~(1) Administrative, governance, and organizational practices,~~
22 ~~processes, or procedures.~~
23 ~~(2) Advocacy.~~
24 ~~(3) Education and training for service providers, including~~
25 ~~nontraditional mental health practitioners.~~
26 ~~(4) Outreach, capacity building, and community development.~~
27 ~~(5) System development.~~
28 ~~(6) Public education efforts.~~
29 ~~(7) Research.~~
30 ~~(8) Services and interventions, including prevention, early~~
31 ~~intervention, and treatment.~~
32 ~~(9) Permanent supportive housing development.~~
33 ~~(d) If an innovative project has proven to be successful and a~~
34 ~~county chooses to continue it, the project workplan shall transition~~
35 ~~to another category of funding as appropriate.~~
36 ~~(e) County mental health programs shall expend funds for their~~
37 ~~innovation programs upon approval by the Mental Health Services~~
38 ~~Oversight and Accountability Commission.~~
39 ~~SEC. 2. Section 5847 of the Welfare and Institutions Code is~~
40 ~~amended to read:~~

1 ~~5847. Integrated Plans for Prevention, Innovation, and System~~
2 ~~of Care Services.~~

3 ~~(a) Each county mental health program shall prepare and submit~~
4 ~~a three-year program and expenditure plan, and annual updates,~~
5 ~~adopted by the county board of supervisors, to the Mental Health~~
6 ~~Services Oversight and Accountability Commission within 30 days~~
7 ~~after adoption.~~

8 ~~(b) The three-year program and expenditure plan shall be based~~
9 ~~on available unspent funds and estimated revenue allocations~~
10 ~~provided by the state and in accordance with established~~
11 ~~stakeholder engagement and planning requirements as required in~~
12 ~~Section 5848. The three-year program and expenditure plan and~~
13 ~~annual updates shall include all of the following:~~

14 ~~(1) A program for prevention and early intervention in~~
15 ~~accordance with Part 3.6 (commencing with Section 5840).~~

16 ~~(2) A program for services to children in accordance with Part~~
17 ~~4 (commencing with Section 5850), to include a program pursuant~~
18 ~~to Chapter 4 (commencing with Section 18250) of Part 6 of~~
19 ~~Division 9 or provide substantial evidence that it is not feasible to~~
20 ~~establish a wraparound program in that county.~~

21 ~~(3) A program for services to adults and seniors in accordance~~
22 ~~with Part 3 (commencing with Section 5800).~~

23 ~~(4) A program for innovations in accordance with Part 3.2~~
24 ~~(commencing with Section 5830).~~

25 ~~(5) A program for technological needs and capital facilities~~
26 ~~needed to provide services pursuant to Part 3 (commencing with~~
27 ~~Section 5800), Part 3.6 (commencing with Section 5840), and Part~~
28 ~~4 (commencing with Section 5850). All plans for proposed facilities~~
29 ~~with restrictive settings shall demonstrate that the needs of the~~
30 ~~people to be served cannot be met in a less restrictive or more~~
31 ~~integrated setting, such as permanent supportive housing.~~

32 ~~(6) Identification of shortages in personnel to provide services~~
33 ~~pursuant to the above programs and the additional assistance~~
34 ~~needed from the education and training programs established~~
35 ~~pursuant to Part 3.1 (commencing with Section 5820).~~

36 ~~(7) Establishment and maintenance of a prudent reserve to~~
37 ~~ensure the county program will continue to be able to serve~~
38 ~~children, adults, and seniors that it is currently serving pursuant~~
39 ~~to Part 3 (commencing with Section 5800), the Adult and Older~~
40 ~~Adult Mental Health System of Care Act, Part 3.6 (commencing~~

1 with Section 5840), Prevention and Early Intervention Programs,
2 and Part 4 (commencing with Section 5850), the Children's Mental
3 Health Services Act, during years in which revenues for the Mental
4 Health Services Fund are below recent averages adjusted by
5 changes in the state population and the California Consumer Price
6 Index.

7 (8) Certification by the county behavioral health director, which
8 ensures that the county has complied with all pertinent regulations,
9 laws, and statutes of the Mental Health Services Act, including
10 stakeholder participation and nonsupplantation requirements.

11 (9) Certification by the county behavioral health director and
12 by the county auditor-controller that the county has complied with
13 any fiscal accountability requirements as directed by the State
14 Department of Health Care Services, and that all expenditures are
15 consistent with the requirements of the Mental Health Services
16 Act.

17 (e) The programs established pursuant to paragraphs (2) and
18 (3) of subdivision (b) shall include services to address the needs
19 of transition age youth 16 to 25 years of age. In implementing this
20 subdivision, county mental health programs shall consider the
21 needs of transition age foster youth.

22 (d) Each year, the State Department of Health Care Services
23 shall inform the County Behavioral Health Directors Association
24 of California and the Mental Health Services Oversight and
25 Accountability Commission of the methodology used for revenue
26 allocation to the counties.

27 (e) Each county mental health program shall prepare expenditure
28 plans pursuant to Part 3 (commencing with Section 5800) for adults
29 and seniors, Part 3.2 (commencing with Section 5830) for
30 innovative programs, Part 3.6 (commencing with Section 5840)
31 for prevention and early intervention programs, and Part 4
32 (commencing with Section 5850) for services for children, and
33 updates to the plans developed pursuant to this section. Each
34 expenditure update shall indicate the number of children, adults,
35 and seniors to be served pursuant to Part 3 (commencing with
36 Section 5800), and Part 4 (commencing with Section 5850), and
37 the cost per person. The expenditure update shall include utilization
38 of unspent funds allocated in the previous year and the proposed
39 expenditure for the same purpose.

1 ~~(f) A county mental health program shall include an allocation~~
2 ~~of funds from a reserve established pursuant to paragraph (7) of~~
3 ~~subdivision (b) for services pursuant to paragraphs (2) and (3) of~~
4 ~~subdivision (b) in years in which the allocation of funds for services~~
5 ~~pursuant to subdivision (e) are not adequate to continue to serve~~
6 ~~the same number of individuals as the county had been serving in~~
7 ~~the previous fiscal year.~~

8 ~~SEC. 3. Part 3.9 (commencing with Section 5849.1) is added~~
9 ~~to Division 5 of the Welfare and Institutions Code, to read:~~

10
11 ~~PART 3.9. THE NO PLACE LIKE HOME PROGRAM~~
12

13 ~~5849.1. (a) The Legislature finds and declares that this part is~~
14 ~~consistent with and furthers the purposes of the Mental Health~~
15 ~~Services Act, enacted by Proposition 63 at the November 2, 2004,~~
16 ~~statewide general election, within the meaning of Section 18 of~~
17 ~~that measure.~~

18 ~~(b) The Legislature further finds and declares all of the~~
19 ~~following:~~

20 ~~(1) Housing is a key factor for stabilization and recovery to~~
21 ~~occur and results in improved outcomes for individuals living with~~
22 ~~a mental illness.~~

23 ~~(2) Untreated mental illness can increase the risk of~~
24 ~~homelessness, especially for single adults.~~

25 ~~(3) California has the nation's largest homeless population that~~
26 ~~is disproportionally comprised of women with children, veterans,~~
27 ~~and the chronically homeless.~~

28 ~~(4) California has the largest number of homeless veterans in~~
29 ~~the United States at 24 percent of the total population in our nation.~~
30 ~~Fifty percent of California's veterans live with serious mental~~
31 ~~illness and 70 percent have a substance use disorder.~~

32 ~~(5) Fifty percent of mothers experiencing homelessness have~~
33 ~~experienced a major depressive episode since becoming homeless~~
34 ~~and 36 percent of these mothers live with post-traumatic stress~~
35 ~~disorder and 41 percent have a substance use disorder.~~

36 ~~(6) Ninety-three percent of supportive housing tenants who live~~
37 ~~with mental illness and substance use disorders voluntarily~~
38 ~~participated in the services offered.~~

~~(7) Adults who receive 2 years of “whatever-it-takes,” or Full Service Partnership services, experience a 68 percent reduction in homelessness.~~

~~(8) For every dollar of bond funds invested in permanent supportive housing, the state and local governments can leverage a significant amount of additional dollars through tax credits, Medicaid health services funding, and other housing development funds.~~

~~(9) Tenants of permanent supportive housing reduced their visits to the emergency department by 56 percent, and their hospital admissions by 45 percent.~~

~~(10) The cost in public services for a chronically homeless Californian ranges from \$60,000 to \$100,000 annually. When housed, these costs are cut in half and some reports show reductions in cost of more than 70 percent, including potentially less involvement with the health and criminal justice systems.~~

~~(11) Californians have identified homelessness as their top tier priority; this measure seeks to address the needs of the most vulnerable people within this population.~~

~~(12) Having counties provide mental health programming and services is a benefit to the state.~~

~~5849.2. As used in this part, the following definitions shall apply:~~

~~(a) “At risk of chronic homelessness” includes, but is not limited to, persons who are at high risk of long-term or intermittent homelessness, including persons with mental illness exiting institutionalized settings, including, but not limited to, jail and mental health facilities, who were homeless prior to admission, transition age youth experiencing homelessness or with significant barriers to housing stability, and others, as defined in program guidelines.~~

~~(b) “Chronically homeless” has the same meaning as defined in Section 578.3 of Title 24 of the Code of Federal Regulations, as that section read on May 1, 2016.~~

~~(c) “Committee” means the No Place Like Home Program Advisory Committee established pursuant to Section 5849.3.~~

~~(d) “County” includes, but is not limited to, a city and county.~~

~~(e) “Department” means the Department of Housing and Community Development.~~

1 (f) “Development sponsor” has the same meaning as “sponsor”
2 as defined in Section 50675.2 of the Health and Safety Code.

3 (g) “Fund” means the No Place Like Home Fund established
4 pursuant to Section 5849.4.

5 (h) “Homeless” has the same meaning as defined in Section
6 578.3 of Title 24 of the Code of Federal Regulations, as that section
7 read on May 1, 2016.

8 (i) “Permanent supportive housing” has the same meaning as
9 “supportive housing,” as defined in Section 50675.14 of the Health
10 and Safety Code, except that “permanent supportive housing” shall
11 include associated facilities if used to provide services to housing
12 residents.

13 (j) “Program” means the process for awarding funds and
14 distributing moneys to applicants established in Sections 5849.7,
15 5849.8, and 5849.9.

16 (1) “Competitive program” means that portion of the program
17 established by Section 5849.8.

18 (2) “Distribution program” means that portion of the program
19 described in Section 5849.9.

20 (k) “Target population” means individuals or households as
21 provided in Section 5600.3 who are homeless, chronically
22 homeless, or at risk of chronic homelessness.

23 5849.3. (a) There is hereby established the No Place Like
24 Home Program Advisory Committee. Membership on the
25 committee shall be as follows:

26 (1) The Director of Housing and Community Development, or
27 his or her designee, who shall serve as the chairperson of the
28 committee.

29 (2) The Director of Health Care Services, or his or her designee,
30 and an additional representative.

31 (3) The Secretary of Veterans Affairs, or his or her designee.

32 (4) The Director of Social Services, or his or her designee.

33 (5) The Treasurer, or his or her designee.

34 (6) The chair of the Mental Health Services Oversight and
35 Accountability Commission, or his or her designee.

36 (7) A chief administrative officer of a small county or a member
37 of a county board of supervisors of a small county, as provided by
38 subdivision (d) of Section 5489.6, to be appointed by the Governor.

~~(8) A chief administrative officer of a large county or a member of a county board of supervisors of a large county, as provided by subdivision (b) of Section 5489.6, to be appointed by the Governor.~~

~~(9) A director of a county behavioral health department, to be appointed by the Governor.~~

~~(10) An administrative officer of a city, to be appointed by the Governor.~~

~~(11) A representative of an affordable housing organization, to be appointed by the Speaker of the Assembly.~~

~~(12) A resident of supportive housing, to be appointed by the Governor.~~

~~(13) A representative of a community mental health organization, to be appointed by the Senate Rules Committee.~~

~~(14) A representative of a local or regional continuum of care organization that coordinates homelessness funding, to be appointed by the Governor.~~

~~(b) The committee shall do all of the following:~~

~~(1) Assist and advise the department in the implementation of the program.~~

~~(2) Review and make recommendations on the department's guidelines.~~

~~(3) Review the department's progress in distributing moneys pursuant to this part.~~

~~(4) Provide advice and guidance more broadly on statewide homelessness issues.~~

~~5849.4. (a) The No Place Like Home Fund is hereby created within the State Treasury and, notwithstanding Section 13340 of the Government Code, continuously appropriated to the department for the purposes of this part. The department may use up to five percent of the amount deposited in the fund for administrative expenses in implementing this part.~~

~~(b) There shall be paid into the fund the following:~~

~~(1) Any proceeds from the issuance of bonds by the Treasurer for the purpose of implementing the program.~~

~~(2) Any other federal or state grant, or from any private donation or grant, for the purposes of this part.~~

~~(3) Any interest payment, loan repayments, or other return of funds.~~

~~5849.5. (a) The department may adopt guidelines or regulations as necessary to exercise the powers and perform the duties~~

1 conferred or imposed on it by this part. Any guideline or regulation
2 adopted pursuant to this section shall not be subject to the
3 requirements of the Administrative Procedure Act (Chapter 3.5
4 (commencing with Section 11340) of Part 1 of Division 3 of Title
5 2 of the Government Code). The department shall consult with
6 key stakeholders including, but not limited to, counties.

7 (b) The department may adopt emergency regulations in order
8 to expedite the award of moneys pursuant to this part.

9 5849.6. For the purpose of administering this part, the
10 department shall organize counties into the following competitive
11 groupings based on population:

12 (a) The County of Los Angeles.

13 (b) Large counties with a population greater than 750,000.

14 (c) Medium counties with a population between 200,000 to
15 750,000.

16 (d) Small counties with a population less than 200,000.

17 The competitive program shall distribute funding among the
18 groupings based on a calculation made by the department that shall
19 include the number of homeless persons residing within each
20 county, as determined by the department, and considers minimum
21 funding levels necessary for a permanent supportive housing
22 development. The department, at its discretion, may consider other
23 factors in the calculation if it supports the objectives of this part.

24 5849.7. (a) The department shall administer a competitive
25 program, pursuant to Section 5849.8, and distribution program,
26 pursuant to Section 5849.9, for awarding a total of two billion
27 dollars (\$2,000,000,000) among counties to finance capital costs
28 including, but not limited to, acquisition, design, construction,
29 rehabilitation, or preservation, and to capitalize operating reserves,
30 of permanent supportive housing for the target population.

31 (b) For the competitive program established by Section 5849.8,
32 the following shall apply:

33 (1) A county may apply as the sole applicant if it is the
34 development sponsor or jointly with a separate entity as
35 development sponsor.

36 (2) Funded developments shall integrate the target population
37 with the general public.

38 (3) Funded developments shall utilize low barrier tenant
39 selection practices that prioritize vulnerable populations and offer
40 flexible, voluntary, and individualized supportive services.

1 ~~(4) The guidelines may provide for alternative housing models,~~
2 ~~such as shared housing models of fewer than five units. Integration~~
3 ~~requirements may be modified in shared housing.~~

4 ~~(5) Funds shall be offered as deferred payment loans to finance~~
5 ~~capital costs including acquisition, design, construction,~~
6 ~~rehabilitation, or preservation, and to capitalize operating reserves~~
7 ~~of, permanent supportive housing for the target population.~~

8 ~~(6) The department shall adopt guidelines establishing income~~
9 ~~and rent standards.~~

10 ~~5849.8. (a) One billion eight hundred million dollars~~
11 ~~(\$1,800,000,000) shall be allocated from the fund for the purposes~~
12 ~~of the competitive program. The department shall develop a~~
13 ~~competitive application process for the purpose of awarding~~
14 ~~moneys pursuant to this section. In considering applications, the~~
15 ~~department shall do all of the following:~~

16 ~~(1) Restrict eligibility to applicants that meet the following~~
17 ~~minimum criteria:~~

18 ~~(A) The county commits to provide mental health supportive~~
19 ~~services and to coordinate the provision of or referral to other~~
20 ~~services, including, but not limited to, substance use treatment~~
21 ~~services, to the tenants of the supportive housing development for~~
22 ~~at least 20 years. Services shall be provided onsite at the supportive~~
23 ~~housing development or in a location otherwise easily accessible~~
24 ~~to tenants. The county may use, but is not restricted to using, any~~
25 ~~of the following available funding sources as allowed by state and~~
26 ~~federal law:~~

27 ~~(i) The Local Mental Health Services Fund established pursuant~~
28 ~~to subdivision (f) of Section 5892.~~

29 ~~(ii) The Mental Health Account within the Local Health Welfare~~
30 ~~Trust Fund established pursuant to Section 17600.10.~~

31 ~~(iii) The Behavioral Health Subaccount within the County Local~~
32 ~~Revenue Fund 2011 established pursuant to paragraph (4) of~~
33 ~~subdivision (f) of Section 30025 of the Government Code.~~

34 ~~(iv) Funds received from other private or public entities.~~

35 ~~(v) Other county funds.~~

36 ~~(B) The county has developed a county plan to combat~~
37 ~~homelessness, which includes a description of homelessness~~
38 ~~countywide, any special challenges or barriers to serving the target~~
39 ~~population, county resources applied to address the issue, available~~

1 community-based resources, an outline of partners and
2 collaborations, and proposed solutions.

3 (C) Meet other threshold requirements including, but not limited
4 to, developer capacity to develop, own, and operate a permanent
5 supportive housing development for the target population,
6 application proposes a financially feasible development with
7 reasonable development costs.

8 (2) The department shall evaluate applications using, at
9 minimum, the following criteria:

10 (A) The extent to which units assisted by the program are
11 restricted to persons who are chronically homeless or at risk of
12 chronic homelessness within the target population.

13 (B) The extent to which funds are leveraged for capital costs.

14 (C) The extent to which projects achieve deeper affordability
15 through the use of non-state project-based rental assistance,
16 operating subsidies, or other funding.

17 (D) Project readiness.

18 (E) The extent to which applicants offer a range of on and
19 off-site supportive services to tenants, including mental health
20 services, behavioral health services, primary health, employment,
21 and other tenancy support services.

22 (b) The department may establish an alternative process for
23 allocating funds directly to counties, as calculated in Section
24 5849.6, with at least five percent of the state's homeless population
25 and that demonstrate the capacity to directly administer loan funds
26 for permanent supportive housing serving the target population
27 and the ability to prioritize individuals with mental health
28 supportive needs who are homeless or at risk of chronic
29 homelessness, consistent with this part and as determined by the
30 department. The department shall adopt guidelines establishing
31 the parameters of an alternative process, if any, and requirements
32 for local administration of funds, including, but not limited to,
33 project selection process, eligible use of funds, loan terms, rent
34 and occupancy restrictions, provision of services, and reporting
35 and monitoring requirements. Counties participating in the
36 alternative process shall not be eligible for the competitive process
37 and shall be limited to the amount calculated in Section 5849.6.
38 Funds not committed to supportive housing developments within
39 two years following award of funds to counties shall be returned
40 to the state for the purposes of the competitive program. The

~~department shall consider the following when selecting participating counties:~~

~~(1) Demonstrated ability to finance permanent supportive housing with local and federal funds, and monitor requirements for the life of the loan.~~

~~(2) Past history of delivering supportive services to the target population in housing.~~

~~(3) Past history of committing project-based vouchers to supportive housing.~~

~~(4) Ability to prioritize the most vulnerable within the target population through coordinated entry system.~~

~~(e) The department shall set aside 8 percent of funds offered in Rounds 1 through 4, inclusive, for small counties as provided in subdivision (d) of Section 5849.6.~~

~~(d) The department shall award funds in at least four rounds as follows:~~

~~(1) The department shall issue its first request for proposal for the competitive program no later than 180 days after any deadline for appeals as set forth in Section 870 of the Code of Civil Procedure.~~

~~(2) The second round shall be completed no later than one year after the completion of the first round.~~

~~(3) The third round shall be completed no later than one year after the completion of the second round.~~

~~(4) The fourth round shall be completed no later than one year after the completion of the third round.~~

~~(5) Subsequent rounds shall occur annually thereafter in order to fully exhaust remaining funds and the department may discontinue the use of the competitive groupings in Section 5849.6, the alternative process in subdivision (b) for any funds not awarded by the county, and the rural set aside funds as set forth in subdivision (e).~~

~~(e) (1) Any loans made by the department pursuant to this section shall be in the form of secured deferred payment loans to pay for the eligible costs of development. Principal and accumulated interest is due and payable upon completion of the term of the loan, which shall be established through program guidelines adopted pursuant to Section 5849.5. The loan shall bear simple interest at a rate of three percent per annum on the unpaid principal balance. The department shall require annual loan~~

1 payments in the minimum amount necessary to cover the costs of
2 project monitoring. For the first 15 years of the loan term, the
3 amount of the required loan payments shall not exceed forty-two
4 hundredths of 1 percent per annum.

5 (2) The department may establish maximum loan-to-value
6 requirements for some or all of the types of projects that are eligible
7 for funding under this part, which shall be established through
8 program guidelines adopted pursuant to Section 5849.5.

9 (3) The department shall establish per-unit and per-project loan
10 limits for all project types.

11 (f) (1) The department may designate an amount not to exceed
12 four percent of funds allocated for the competitive program, not
13 including funding allocated pursuant to subdivision (b), in order
14 to cure or avert a default on the terms of any loan or other
15 obligation by the recipient of financial assistance, or bidding at
16 any foreclosure sale where the default or foreclosure sale would
17 jeopardize the department's security in the rental housing
18 development assisted pursuant to this part. The funds so designated
19 shall be known as the "default reserve."

20 (2) The department may use default reserve funds made
21 available pursuant to this section to repair or maintain any rental
22 housing development assistance pursuant to this part to protect the
23 department's security interest.

24 (3) The payment or advance of funds by the department pursuant
25 to this subdivision shall be exclusively within the department's
26 discretion, and no person shall be deemed to have any entitlement
27 to the payment or advance of those funds. The amount of any funds
28 expended by the department for the purposes of curing or averting
29 a default shall be added to the loan amount secured by the rental
30 housing development and shall be payable to the department upon
31 demand.

32 (g) (1) Prior to disbursement of any funds for loans made
33 pursuant this section, the department shall enter into a regulatory
34 agreement with the developer that provides for all of the following:

35 (A) Sets standards for tenant selection to ensure occupancy of
36 assisted units by eligible households of very low and low income
37 for the term of the agreement.

38 (B) Governs the terms of occupancy agreements.

39 (C) Contains provisions to maintain affordable rent levels to
40 serve eligible households.

1 ~~(D) Provides for periodic inspections and review of year-end~~
2 ~~fiscal audits and related reports by the department.~~

3 ~~(E) Permits a developer to distribute earnings in an amount~~
4 ~~established by the department and based on the number of units~~
5 ~~in the rental housing development.~~

6 ~~(F) Has a term for not less than the original term of the loan.~~

7 ~~(G) Contains any other provisions necessary to carry out the~~
8 ~~purposes of this part.~~

9 ~~(2) The agreement shall be binding upon the developer and~~
10 ~~successors in interest upon sale or transfer of the rental housing~~
11 ~~development regardless of any prepayment of the loan.~~

12 ~~(3) The agreement shall be recorded in the office of the county~~
13 ~~recorder in the county in which the real property subject to the~~
14 ~~agreement is located.~~

15 ~~5849.9. (a) In addition to the competitive program established~~
16 ~~by Section 5849.8, the department shall distribute two hundred~~
17 ~~million dollars (\$200,000,000) from the fund on an~~
18 ~~“over-the-counter” basis to finance the construction, rehabilitation,~~
19 ~~or preservation, and to capitalize operating reserves, of permanent~~
20 ~~supportive housing for individuals in the target population with a~~
21 ~~priority for those with mental health supportive needs who are~~
22 ~~homeless or at risk of chronic homelessness. Funds to be awarded~~
23 ~~pursuant to this section shall be available to all counties within the~~
24 ~~state proportionate to the number of homeless persons residing~~
25 ~~within each county as calculated in Section 5849.6.~~

26 ~~(b) Funds not awarded within 18 months following the first~~
27 ~~allocation of moneys in accordance with subdivision (d) shall be~~
28 ~~used for the purposes of the competitive program.~~

29 ~~(c) The moneys described in subdivision (a) shall be~~
30 ~~administered either in accordance with the procedures for awarding~~
31 ~~funds to local agencies established by the existing Mental Health~~
32 ~~Services Act housing program administered by the Department of~~
33 ~~Health Care Services and the California Housing Finance Agency~~
34 ~~or alternative procedures developed by the department for~~
35 ~~distributing these moneys that enhance the efficiency and goals of~~
36 ~~the distribution program.~~

37 ~~(d) The department shall make the first allocation of moneys~~
38 ~~pursuant to this section no later than 60 days after any deadline~~
39 ~~for appeals as set forth in Section 870 of the Code of Civil~~
40 ~~Procedure.~~

1 ~~5849.10.— (a) The sum of six million two hundred thousand~~
2 ~~dollars (\$6,200,000) is hereby appropriated from the Mental Health~~
3 ~~Services Fund to the department to provide technical and~~
4 ~~application preparation assistance to counties.~~

5 ~~(b) Eligible use of technical and application preparation~~
6 ~~assistance shall include, but is not limited to, assistance in~~
7 ~~performing one or more of the following activities:~~

8 ~~(1) Applying for program funds.~~

9 ~~(2) Implementing activities funded by moneys distributed~~
10 ~~pursuant to this part, including the development of supportive~~
11 ~~housing for the target population.~~

12 ~~(3) Coordinating funded activities with local homelessness~~
13 ~~systems, including coordinated access systems developed pursuant~~
14 ~~to Section 578.7(a)(8) of Title 24 of the Code of Federal~~
15 ~~Regulations, as that section read on May 1, 2016.~~

16 ~~(4) Delivering a range of supportive services to tenants.~~

17 ~~(5) Collecting data, evaluating program activities, and sharing~~
18 ~~data among multiple systems, such as the Mental Health Services~~
19 ~~Act, enacted by Proposition 63 at the November 2, 2004, statewide~~
20 ~~general election, the Medi-Cal Act (Chapter 7 (commencing with~~
21 ~~Section 14000) of Part 3 of Division 9) and implementing~~
22 ~~regulations, and homelessness systems.~~

23 ~~(c) The department shall provide funds to a county upon~~
24 ~~application as follows:~~

25 ~~(1) To a large county and to the County of Los Angeles, the~~
26 ~~department shall provide one hundred fifty thousand dollars~~
27 ~~(\$150,000).~~

28 ~~(2) To a medium county, the department shall provide one~~
29 ~~hundred thousand dollars (\$100,000).~~

30 ~~(3) To a small county, the department shall provide seventy-five~~
31 ~~thousand dollars (\$75,000).~~

32 ~~(d) If a county does not expend the moneys allocated pursuant~~
33 ~~to subdivision (c) by June 30, 2020, those moneys shall be used~~
34 ~~to augment the funding pursuant to subdivision (c).~~

35 ~~(e) The department may contract for expert technical assistance~~
36 ~~and application preparation assistance. The department shall deploy~~
37 ~~such assistance to counties based upon a process to be defined in~~
38 ~~guidelines.~~

39 ~~(f) The department may establish a unit for the purpose of~~
40 ~~providing technical assistance to counties.~~

~~5849.11. (a) The counties shall annually report to the department on activities funded under this part, including information on the funded supportive housing development. Reported information shall include location of projects, number of units assisted, occupancy restrictions, number of individuals and households served, related income levels, and homeless, veteran, and mental health status~~

~~(b) The department shall submit a report on the program to the Legislature by December 31 of each year, commencing with the year after the first full year in which the program is in effect. The report shall contain the following:~~

~~(1) The processes established for distributing funds.~~

~~(2) The distribution of funds among counties.~~

~~(3) Any recommendations as to modifications to the program for the purpose of improving efficiency or furthering the goals of the program.~~

~~(c) The report required to be submitted by subdivision (b) shall be submitted in compliance with Section 9795 of the Government Code.~~

~~5849.12. (a) Upon an appropriation of funds for the purpose of this section, the department shall contract with a public or private research university in this state to evaluate the program. The department shall develop the research design and issue a request for proposal for a contract for the evaluation, with the assistance of the Legislative Analyst's Office and the Department of Finance.~~

~~(b) The department shall submit the final research design and request for proposal required by subdivision (a) to the Chairperson of the Joint Legislative Budget Committee no more than 30 days prior to executing a contract for the evaluation.~~

~~5849.13. An action to determine the legality of any action by the department pursuant to this part may be brought pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure.~~

~~5849.14. The Department of Finance may authorize a loan from the General Fund to the No Place Like Home Fund for cashflow purposes in an amount not to exceed one million dollars (\$1,000,000) subject to the following conditions:~~

~~(a) The loan is to allow the department to begin program implementation activities, including, but not limited to, drafting program guidelines and regulations.~~

1 ~~(b) The loan is short term, and shall be repaid within 30 days~~
2 ~~after the deposit of bond proceeds into the fund pursuant to~~
3 ~~paragraph (1) of subdivision (b) of Section 5849.4.~~

4 ~~(c) Interest charges may be waived pursuant to subdivision (c)~~
5 ~~of Section 16314 of the Government Code.~~

6 ~~SEC. 4. The Legislature finds and declares that this act furthers~~
7 ~~the intent of the Mental Health Services Act, enacted by~~
8 ~~Proposition 63 at the November 2, 2004, statewide general election.~~

9 ~~It is intent of the Legislature that the costs to service the debt~~
10 ~~for the bond authorized by this act shall not impede in any way~~
11 ~~the direct mental health services provided by counties, and that~~
12 ~~the counties shall maximize the use of all available state, federal,~~
13 ~~and local funding sources, including those listed in Section 5849.7~~
14 ~~of the Welfare and Institutions Code, to support direct local mental~~
15 ~~health services.~~

16 ~~SEC. 5. This act is a bill providing for appropriations related~~
17 ~~to the Budget Bill within the meaning of subdivision (c) of Section~~
18 ~~12 of Article IV of the California Constitution, has been identified~~
19 ~~as related to the budget in the Budget Bill, and shall take effect~~
20 ~~immediately.~~